CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO-ESTIMATE

December 1, 1997

S. 1519
Surface Transportation Extension Act of 1997

As cleared by the Congress on November 12, 1997

S. 1519 would provide a temporary extension of highway and transit programs authorized under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The bill would provide contract authority of approximately $8.7 billion for programs carried out by the Federal Highway Administration (FHWA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Transit Administration (FTA). Of that total, $15 million would be for the FHWA minimum allocation program, which is exempt from the obligation limitation that applies to the bulk of FHWA's spending. In addition to providing contract authority, S. 1519 would authorize the appropriation of $372 million for the Federal Transit Administration for the first half of fiscal year 1998.

The minimum allocation program is the only program reauthorized in S. 1519 that has outlays that are classified as direct spending. All other outlays from authorizations in S. 1519 would be discretionary because they either would result from discretionary appropriations for fiscal year 1998 or would be subject to obligation limitations included in the 1998 appropriation act for transportation (Public Law 105-66).

S. 1519 would provide $15.46 million for the minimum allocation program for the six-day period from January 26, 1998, through January 31, 1998. For the purposes of estimating the pay-as-you-go impact of the act, this amount has to be extrapolated through 2002, based on the spending authority provided in the legislation. This approach is required under the Balanced Budget Act of 1997, which stipulates that an expiring mandatory program with current-year outlays in excess of $50 million be assumed to continue at the program level in place when it is scheduled to expire.

The $15.46 million in contract authority for six days translates into an annualized level of $639 million for January 26 through the remainder of fiscal year 1998 and for each subsequent fiscal year. By comparison, the current CBO baseline for the minimum allocation program includes contract authority of $639 million for 1998, but assumes annual increases to reflect projected inflation for subsequent years. Thus, CBO estimates that enacting

S. 1519 would produce pay-as-you-go savings of $62 million in outlays over the 1998-2002 period, relative to the current baseline.

CBO's estimate of S. 1519's impact on outlays from direct spending is summarized in the following table for fiscal years 1998-2007. For purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. Also, only direct spending outlays are subject to pay-as-you-go requirements; the discretionary outlays from contract authority subject to obligation limitations are not considered for pay-as-you-go purposes.

Estimated Effects of S. 1519 on Direct Spending and Receipts

	By Fiscal Year, in Millions of Dollars									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Changes in outlays	0	-2	-8	-19	-33	-47	-63	-80	-97	-115
Changes in receipts	Not applicable									

The CBO staff contacts for this estimate are Clare Doherty and Kristen Layman. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.